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REVIEWED BY <i>[Signature]</i>		DATE <i>3/24/59</i>	
FROM : Amnongen DHANRAN		404	
TO : ENDORSEMENT		DESP. NO.	
REF : RELEASE DENIED		DATE April 22, 1959	
ACTION		DEPT.	
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5-5		0	
SUBJECT: King Pays Short Visit to Eastern Province		Jeddah - Kuwait	

Before the fast of Ramadan HM King Sa'ud was invited by the leaders of al Murrah to be a guest of the tribe. Radio Mecca reports that the King took his private train, on April 18, to al Kharj where he was greeted by "the town's Amir, army officers, and prominent citizens." His Majesty spent the afternoon in al-Hayathim, a settlement near al-Kharj, where he was given a luncheon by Shaikh Hashim ibn Hashar. An evening banquet was given in the same town by Shaikh Falah ibn Mushrif.

On Sunday, April 19, the King took his train to Haradh in the Eastern Province "to inspect the conditions of al Murrah tribe." At 'Ain Haradh he was greeted by the leaders of the tribe led by Amir Sa'ud ibn Jiluwi, Governor of the Eastern Province (who had been flown to the appointment in an Aramco DC3). With these aboard, the train continued to Siding 5, about 47 kms south of al Hufuf where he was greeted by Amir 'Abd al-Muhsin ibn Jiluwi, governor of al Hufuf, Shaikh Nasir ibn Thani, and leaders of al-Murrah: Jabir ibn Hinzab, Hamad al-Butain, Muhammad abu Laila, al-Sa''aq ibn Hudhailah, and Salim ibn Hadfah. There were also prominent leaders present from the tribes of Bani Hajir, Bani Khalid, al-'Ujman, and al-Dawasir. A party of Aramco officials, headed by the retiring Chairman of the Board, Fred Davies, came in by plane for the affair.

A majlis was set up, coffee made and a luncheon of 200 sheep and four camels was served to the King and his party. This meal was sponsored by a group of al-Murrah amirs. There was a ride-by by a spontaneously organized camel corps, sword dances, and many bedouin poems and songs completed the entertainment.

After the luncheon the King and a large party rode on to al-Hufuf to "inspect the new palace." He then returned to Siding 5 to rest. In the evening another 200 sheep banquet was presented His Majesty, this time by Shaikh Faisal ibn Naqadan, a leader of al-Murrah. "The dinner was preceded by recitations of several poems and a tribal war dance." After dinner the King returned to Riyadh.

RK Lewis
REPORTER

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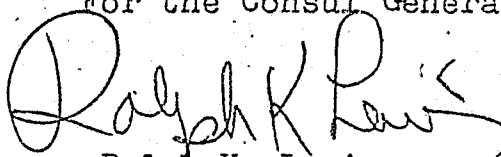
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From Dhahran

Aramco officials who were at Siding 5 report that the King was happy, in good spirits and in good health. The crowd, some 2,000 people, were enthusiastic.

Comment: No letup in the whistle-stop campaign.

For the Consul General



Ralph K. Lewis
American Consul

Department Please Pouch to:

Amembassy JIDDA
Amconsulate KUWAIT

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FROM : AmEmbassy JIDDA
TO : THE DEPARTMENT OF STATE, WASHINGTON.
REF :

261
EXCISE

MAY 28, 1959
DATE

COPY NO. 1 SERIES A

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SUBJECT: Ambassador Heath and General Clark, Chief USMTM, Saudi Arabia, discuss an agenda for discussions with Prince Faisal and Minister of Defense Prince Fahd.

Ambassador Heath and General A. P. Clark, Chief, USMTM to Saudi Arabia, met at the Embassy in Jidda on May 13, 1959 to discuss the agenda for a proposed meeting between them and Prince Faisal and, if possible, Prince Fahd ibn Saud, Minister of Defense. The urgency of the Saudi Government waiving taxes on the American-financed Dhahran Civil Air Terminal construction was determined to be first in importance in any discussion with Prince Faisal. Second place was given to a discussion of the recommendations in the USMTM annual progress report so that mutual objectives and available funds and their use could be determined. The third and last item on the agenda for Prince Faisal was the clarification of the status of jurisdiction over United States military personnel outside the Dhahran area.

The items discussed, the action agreed upon in each case, and the agenda submitted to Prince Faisal are attached as enclosure No. 1. The minutes of the meeting are attached as enclosure No. 2.

Enclosures:

1. Agenda and Summary
2. Minutes of Discussion May 13, 1959

cc: AmCongen DHAHRAN
DHAHRAN for General Clark

Distribution: Copies 1, 2 & 3 - Department
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9 - General Clark

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AGENDA AND SUMMARY

Agenda Item No. 1

Plan for an approach to Prince Faisal and, if possible, Prince Fahad to review the role of the USMTM, its objectives and support.

Action agreed upon: It was agreed to request an appointment with Prince Faisal and, if possible, Prince Fahad, to discuss the recommendations of the Annual Progress Report of the USMTM with regard to our mutual objectives, the amount of money available to implement them, and the areas and sectors to which this money will be applied.

Agenda Item No. 2

Determination of the legal status of military personnel. The Ambassador told Mr. Irwin he would take the matter up with Prince Faisal.

Action agreed upon: The Ambassador suggested that in view of the urgency of this matter, USMTM military personnel be protected by hiring local chauffeurs to avoid implication in driving accidents. General Clark stated that he would discuss this matter with his officers and inform the Ambassador of the policy agreed upon. General Clark and Mr. Russell agreed to go over the files concerning the legal status of USMTM personnel in the afternoon.

Agenda Item No. 3

General Clark's request that prior to the forthcoming discussions with Prince Faisal the Embassy send a representative to corroborate USMTM findings on the inadequacy of Saudi support for the USMTM at al-Kharj.

Action agreed upon: General Clark expressed his view that since he now had sufficient money to spend on improving living conditions in al-Kharj, he would prefer not to arouse hard feelings by taking up the matter with Prince Faisal.

Vinnell Corporation has been ordered to pay a 500 riyal fine for failing to register as a taxable business enterprise in Saudi Arabia. The USMTM contends

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Agenda Item No. 6

Fluor Corporation. The Embassy is awaiting a status report from the Department on the Saudi request for payment of fees and fines levied against the Fluor Corporation. Following the receipt of a second Saudi note on this subject the Embassy sent a follow-up telegram to the Department on May 2, 1959. Embtels 519, November 21, 1958; 743, February 1959; and 917, May 2, 1959.

Action agreed upon: General Clark stated that as this issue had arisen before his arrival in Saudi Arabia, he had never taken any action or been involved in this matter. He offered his assistance if it were desired, however.

Agenda Item No. 7

Utilities bill at Dhahran Airfield. The Embassy still has no reply from the Ministry of Foreign Affairs to its note requesting payment on obligations incurred by Saudi Government agencies for operating and maintenance bills, electricity and telephone services at Dhahran Airfield. The total through February 1959 was about \$300,000. Letter from General Clark dated April 21, 1959.

Action taken: The Ambassador stated that he would take the matter up with Prince Faisal, though it was to be decided later whether this would be included in the agenda presented to the Crown Prince. General Clark stated that so long as the bill was not forgotten it could be taken up when the Dhahran Airfield agreement came up for its next renewal.

Agenda Item No. 8

General Clark proposed that top priority be given to requesting the SAG to waive taxes on the construction of the Civil Air Terminal at Dhahran. Construction cannot begin without the relocation of a hangar and the razing and replacing of a TWA storage building at a cost of \$10,000 and \$22,000, respectively. The funds to make these payments will be unavailable unless the tax question is settled favorably.

Furthermore, the lowest bid on the project was \$218,000 in excess of the estimated cost and the lowest bidder estimated \$200,000 for the payment of Saudi taxes. It is mandatory either to waive Saudi taxes or reduce the scope of the construction project. Letter from General Clark dated May 9, 1959.

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Action taken: The Ambassador and General Clark agreed that this was the most urgent item now facing USMTM, and that it should be the first item on the agenda for discussion with Prince Faisal. The Ambassador stated that he would make strong representations to Prince Faisal on this matter. It was noted that the Embassy had made it clear to SAG that taxation would mean a reduction in the scope of the project. General Clark said that both Prince Faisal and Yusuf Yassin had told him that they would wait to see whether the scope of construction would have to be reduced if taxation is imposed. If this proved to be the case they would review the matter.

Agenda Item No. 9

Status report from General Clark on change of site of aviation school from Riyadh to Jidda or Dhahran. We understand General Clark obtained Defense Department authority to shift required funds. He was to discuss the matter with the SAG and secure their concurrence.

Action agreed upon: General Clark stated that the change in location of construction had been agreed upon in principle, but that Saudi Airforce officers have delayed agreeing on specific details of construction. In fiscal year 1959 only \$7,000 will be spent from MAP funds, and that on preliminary engineering surveys. Expenditures for fiscal year 1960 will be somewhat under \$3 million. Mr. Toomey and Colonel Brawner are to confer and draft a reply to the Department's telegram on this matter.

The Ambassador observed that an additional item on the agenda for discussion with Prince Faisal should be to advise the Crown Prince of General Clark's impending departure in July 1959. General Clark agreed that this would be timely.

As a result of the discussion of the above agenda, the following memorandum was prepared to be submitted to the Foreign Ministry for Prince Faisal:

QUESTIONS FOR POSSIBLE DISCUSSION
BETWEEN
HIS ROYAL HIGHNESS CROWN PRINCE FAISAL,
HIS ROYAL HIGHNESS PRINCE FAHAD,
AMBASSADOR DONALD R. HEATH
AND
GENERAL A. P. CLARK

1. The urgency of waiving Saudi taxes on the construction of the Civil Air Terminal at Dhahran. It is mandatory either to waive the taxes or reduce the scope of the construction project.

2. Discussion of the recommendations of the Annual Progress Report of the United States Military Training Mission and determination of:

(a) The objectives mutually desired;

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(b) The amount of money available to implement them, and;

(c) The areas and sectors to which this money will be applied.

3. Clarification of the status of jurisdiction over United States military personnel outside the Dhahran area.

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MINUTES OF DISCUSSION BETWEEN
GENERAL CLARK AND AMBASSADOR HEATH
MAY 13, 1959

PARTICIPANTS: Ambassador Heath
General Clark, Chief USMIM to Saudi Arabia
Colonel Lear, Chief of the Army Element USMIM
Colonel Browner, Chief Air Force Section USMIM
Mr. Page, First Secretary of Embassy
Mr. Russell, Second Secretary of Embassy
Mr. Toomey, Second Secretary of Embassy
Mr. Lord, Second Secretary of Embassy

Ambassador Heath opened the discussion by passing to General Clark a telegram concerning military construction in Saudi Arabia. General Clark commented that \$9 million had been appropriated for construction at Dhahran originally but that due to various indications that the Saudis wanted their military construction elsewhere, USMIM had submitted a counter-proposal to build at Riyadh instead. The Saudis received this plan enthusiastically, and the buildings were designed, but eventually an under-current was noted in the Saudi Government indicating that the construction was not wanted in Riyadh either. General Clark noted that the numerous Hejazis in the Government would prefer to have the money spent in their own area. As time passed it became apparent that \$9 million worth of construction was not needed because the Saudi military had not achieved a sufficient build-up. General Clark had decided that costs of construction could be cut from \$9 million to between \$2 and \$3 million, saving about \$6 million which might be used for other projects. Construction was to be transferred from Riyadh to Jidda and Taif as well as perhaps some building in Riyadh and Dhahran. This proposal was submitted to the Saudi Air Force some two or three months ago and has been accepted in principle but there has been a delay in getting the Saudi Air Force to agree to specific construction. This delay was due partly to Ramadan and partly to the normal difficulties encountered in dealing with the Saudi Government. Colonel Browner commented at this point that what was needed now was specific knowledge as to what barracks should be built where. General Clark said that he hoped to see Colonel Tarabzoni this afternoon and hoped to get needed specific agreements so that he could invite engineers to begin a survey. The Ambassador asked how the plans were shaping up. General Clark said that in the present fiscal year no more could be expected than a general engineering survey, although possibly preliminary designs could be started. The Ambassador asked General Clark now the \$3 million would be spent and when. General Clark answered that he expected no more than \$7,000 to be spent in the remainder of fiscal year 1959 and that in fiscal year 1960 the estimated expenditures were to be between \$1.7 and \$2.3 million. At any rate, somewhere under \$3 million. It was agreed that Colonel Browner and Mr. Toomey would jointly prepare a reply to the Department's telegram on this matter.

The Ambassador then passed around a telegram concerning the proposed labor and manpower study of the Government Affairs Institute sponsored by the Defense Department. General Clark said that he had sent a telegram strongly advising against the mission coming to Saudi Arabia several months ago. Mr. Toomey said that this was also the Embassy's position (Embtel 890, April 23) and that no further action was required,

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the Department having concurred with the Embassy's recommendation. This discussion then passed to the agenda of items to be discussed with General Clark (see attached).

Item 1. Plan for an approach to Prince Faisal and, if possible, Prince Fahad, to review the role of the USMTM, its objectives and support.

Concerning point No. 1 the Ambassador said that he had asked to see Crown Prince Faisal. The Ambassador discussed the rumors and the possibility of Prince Faisal calling on Prince Fahad, Minister of Defense, to join in discussions with Prince Faisal, the Ambassador, and General Clark.

The Ambassador said that he would speak to the Acting Head of the Foreign Office Saggaf the next morning and try to arrange for a talk between himself, General Clark, Crown Prince Faisal and Prince Fahad concerning the role of the USMTM in Saudi Arabia. General Clark replied that he thought it would be better not to use the term "role of the military mission". The questions that he wanted discussed were, when is SAG going to appropriate sufficient funds for a military program, and how much will they appropriate, and in what areas. General Clark suggested that the request for a meeting with Prince Faisal be referred to as a preliminary conference between the Ambassador, the Prime Minister, Prince Fahad and General Clark to discuss specifics regarding the "easy-read" USMTM progress report, including the objectives of the training program and our mutual objectives in Saudi Arabia, and concerning the definition of what geographical areas and what sectors of the Saudi military SAG wishes to develop. The Ambassador then asked what were the mutual objectives of the Ministry of Defense and the USMTM in regard to size and type of units and magnitude of funds available. General Clark referred to a letter of January 13, 1959 to the Ambassador, giving the USMTM objectives. The Ambassador then noted that Prince Fahad had been summoned back from Switzerland to discuss military budget matters. General Clark commented that this was a most encouraging development.

Item 2. Determination of the legal status of military personnel.

General Clark said that there were three matters pending. It was agreed that General Clark and Mr. Russell would go over the files concerning this matter in the afternoon. General Clark said that three approaches in writing had been made to the SAG on this matter. He said that both the 1951 and 1957 Bi-lateral Agreements provided that details concerning the legal status of USMTM personnel would be spelled out at the appropriate working level, and therefore the Saudis cannot argue that it is inappropriate to pursue this matter. The Ambassador suggested that since it would take two or three months even with the best will in the world on Prince Faisal's part to settle the matter of the legal status of USMTM personnel, Saudi chauffeurs should be hired to drive such personnel. General Clark thought that a great many drivers would be required for the 40 to 50 Mission vehicles. The Ambassador said that it was best to spend this money for the safety and protection of our personnel. He emphasized that he considered the matter extremely urgent, in view of harsh Saudi penalties for driving accidents.

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General Clark said that USMTM would discuss the matter of hiring chauffeurs and would inform the Ambassador of the policy agreed upon. (At this point the Ambassador spoke with Acting Foreign Minister Saggaf on the telephone. When he had concluded his conversation he said that Mr. Saggaf had informed him that Crown Prince Faisal would be in Jidda in two days.)

General Clark said that it would be a good idea to inform Prince Faisal of our intention to discuss USMTM prior to the appointment. Otherwise Faisal might say he was not prepared to discuss the matter.

The Ambassador said that he would send a memorandum in Arabic translation to Prince Faisal prior to his meeting with him. General Clark said he thought that the most urgent matter to put on the agenda was the Dhanran terminal building (Item 8). The Ambassador agreed that this was the most urgent matter and should be first on the agenda.

Item 5. Vinnell Corporation has been ordered to pay a 500 riyal fine for failing to register as a taxable business enterprise in Saudi Arabia.

The Ambassador asked whether General Clark thought this should be taken up with Crown Prince Faisal. General Clark thought that we now had more than enough on the agenda.

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Item 6. Fluor Corporation

General Clark stated that as this issue had arisen before his arrival in Saudi Arabia, he had never taken any action or been involved in this matter. He offered his assistance if it were desired, nowever.

Item 8. General Clark has proposed that top priority be given to requesting SAG to waive taxes on the construction of the Civil Air Terminal at Dhahran.

The Ambassador said that this should be first on the agenda for discussion with Prince Faisal. General Clark asked the Ambassador about his reaction to the proposal that USG pay taxes on the construction. The Ambassador replied that we in the United States do not tax gifts, and he saw no reason why we should pay a form of tribute to the Saudi Government. General Clark said that he had made it clear to the Saudi Government that it was a matter of reducing the scope of the construction if taxes were levied. Mr. Toomey pointed out that taxes had been successfully avoided in the Dammam Port project after bringing the matter up with Faisal, which might be brought up as a precedent. The Ambassador said that he had pointed out to Prince Faisal that the United States did not wish to pay tribute. The Ambassador said that he would present this case strongly to Prince Faisal. Mr. Toomey commented that we had made it clear to SAG that taxation would mean a reduction in scope. Mr. Toomey also remarked that in previous meetings with Prince Faisal and Shaikh Yusuf Yassin they had been adamant on tax payments. General Clark said that both Prince Faisal and Yusuf Yassin had told him that they would wait to see whether the scope of construction would have to be reduced because of the imposition of taxation and if this were the case the matter could be reviewed.

(a)(5) → The Ambassador then summarized points which he should bring up in discussion with Prince Faisal. First would be point No. 8 concerning taxation of the Civil Air Terminal construction. Second would be point No. 1 concerning USMTM objectives in Saudi Arabia. Third would be the legal status of USMTM personnel. Fourth would be point No. 7, the utilities bill at Dhahran Airfield. The Ambassador said that [redacted] that the matter should be included in the agenda. General Clark said that he thought that so long as the bill was not forgotten it could be taken up when the Dhahran Airfield agreement came for its next renewal. It should have been considered in the 1957 negotiations for renewal, for the bill had then reached over \$150,000. (B)

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General Clark said that in conclusion he would like to bring up two brief points. First was the procedure in introducing his successor to the Saudi Arabian Government.

The Ambassador at this point said that the fifth item on the agenda of talks with Prince Faisal should be to advise him of the impending departure of General Clark in July 1959. General Clark agreed that this would be timely and added that he had already informally informed Colonel Mutlaq who, surprised, had asked if he could convey this information to his Government.

General Clark then said that the second item he wished to bring up was to ask the Ambassador's opinions on local political developments.

General Clark then stated that the second officers' class at the Higher Officers' School in Riyadh was in progress, and seemed to be a better as well as

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a larger group of officers. General Clark asked Ambassador Heath whether he could send Ambassador Heath a written invitation to address the group. He felt that the Ambassador's previous speech was very well received, added prestige to the school, and was much appreciated by the Saudis. Ambassador Heath replied that he would be happy to accept such an invitation. As the meeting closed General Clark said that he planned to return to Jidda on the evening of May 23, 1959.

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